

**Phoenix Canada Oil Company Limited**  
Annual Report for the 25th Year Ended December 31, 1969







# Phoenix Canada Oil Company Limited

Incorporated in Ontario, Canada, 25 November 1944

<b>Directors</b>	S. DONALD MOORE CHARLES S. PAYSON JASON GOULD EVERETT E. OTT JOHN A. MURPHY	Toronto, Canada New York, New York Irvington-on-Hudson, New York Toronto, Canada Scarborough, Canada
<b>Officers</b>	S. DONALD MOORE EVERETT E. OTT P. M. HALL	President Secretary-Treasurer Asst. Secretary-Treasurer
<b>Operating Offices and Subsidiary Interests</b>	EXECUTIVE OFFICE	8 King Street, East Toronto, Canada
	WESTERN CANADA	513-8th Avenue, S.W. Calgary, Canada
	MINAS y PETROLEOS del ECUADOR, S.A. and PETROLERA YASUNI S.A.	Amazonas 648 Quito, Ecuador
	PETROLERA GENERAL S.A.	Calle Mejico 513 Asuncion, Paraguay
	BOLIVIA	Socabaya 340 La Paz, Bolivia
	GUYANA	92 Middle Street Georgetown, Guyana
<b>Banking</b>	THE ROYAL BANK OF CANADA MAIN BRANCH and MAIN BRANCH	Toronto, Canada Calgary, Canada
<b>Stock Exchange Listing</b>	CANADIAN STOCK EXCHANGE	
<b>Transfer Agents</b>	GUARANTY TRUST COMPANY OF CANADA	88 University Avenue Toronto, Canada
<b>Auditor</b>	CECIL B. BELL, C.A.	Toronto, Canada
<b>Capitalization</b>	AUTHORIZED	5,000,000 Shares (\$1.00 par value)
	ISSUED	1,921,856 Shares



# THE DIRECTORS' ANNUAL REPORT

## To The Shareholders

The year 1969 marked Company expansion into a promising new oil exploration area — Paraguay. Eastern Ecuador continues especially newsworthy as the oil world is increasingly aware of its proven reserves that already rival any known in the Western Hemisphere. Post-Prudhoe preparations for a widespread assault on potential oil reserves in Northern Alaska and the Canadian Arctic Islands swing into high gear this year; several scheduled wildcats will decidedly affect the value of widespread PHOENIX interests in this exciting region.

Despite 1970's business slowdown, oil industry growth continues apace. North American oil demand increased almost 7% in March 1970 over March 1969; first quarter demand rose 5.2% — an increase of over 800,000 bbls/day. More oil and gas must be discovered in the next 10 years than in the past 50 — free world oil demand is forecast at 60-million bbls/day by 1980 — after consumption of 200-billion barrels during this decade. The Western Hemisphere contains only 20% of the world's proven oil reserves; 68% are in the Middle East and North Africa and the remaining 12% in Communist areas and elsewhere. Increased security and diversity of supply sources is manifestly imperative when considering that the U.S. oil reserve life index is now 9.7 years and 13.1 years for gas — without allowance for a steeply rising demand curve.

In a world economy plagued by seemingly irresistible inflation, investment in the less labour-intensive oil industry should show a more profitable growth pattern. Your Management's policy continues to stress participation in major resource-oriented projects with the growth potential to attract senior financing. Our financial commitments concentrate on the basic legal, political and technical planning for acquisition and preliminary exploration. Major projects require commensurate Shareholder patience — that our efforts to date have been worthwhile are demonstrated by the promising status of our Canadian Arctic Islands holdings (since 1960), the successful Eastern Ecuador participation (since 1963) and the auspicious Paraguay acquisition (investigated since 1968). Based on our relatively modest capitalization, commercial success on any single primary Company asset must have a profound effect on Shareholder equity.

## Canadian Arctic Islands

By the year end, at least four operators will be drilling at widely scattered Island locations—in the far west, Triad-B.P. on Prince Patrick and Elf-Canadian Industrial Gas on MacKenzie King—in the far north, Panarctic on Ellef Ringnes—in the far south, King Resources on Bathurst—and in the far east, Panarctic on Ellesmere. Triad-B.P. also plans to drill on Vanier Island, immediately west of our Bathurst block, while King Resources reports a 3-well program on Eastern Bathurst, adjoining our Bathurst holdings to the east. Other wells affecting PHOENIX prospects include the current Drake Point and Towson Point wells on Melville and the projected King Resources test on Loughheed, northwest of Bathurst. The Panarctic Dome Hoodoo wildcat is of considerable importance to our Ellef Ringnes holdings.

We stress that the residual PHOENIX working and royalty interests in 2,344,844-acres are largely onshore acreage, screened from original holdings of 5½-million acres after expenditures of over \$300,000 in 1960-62 surveys by J. C. Sproule & Associates Ltd., renowned Arctic geological consultants. Without further investment through June 1972 (our Panarctic Agreements provide for extensions to June 1974), PHOENIX retains the following selected holdings:

Island Location	Acreage	Phoenix Working Interest
North and Little Cornwallis & North Central-Northwest Bathurst (including Lowther and Griffith)	1,474,167	34% *
West Devon (Grinnell Peninsula)	298,944	30% **
North Ellef Ringnes	147,823	30% **
South & Central Cornwallis	297,347	10% ***
West Central Bathurst	126,564	15% ****

\* Bankeno 30%, Cominco 33%, Harlake 3% (farmed out to Panarctic Project)

\*\* Bankeno 32%, Cominco 35%, Harlake 3% (farmed out to Panarctic Project)

\*\*\* Operated by Great Plains (farmed out to Panarctic Project)

\*\*\*\* Great Plains 50%, Bankeno 17½%, Cominco 17½% (Phoenix also holds 2½% gross royalty in 50% of working interest)



The Sproule Reports stress the abundance of porous reservoir and source rocks and the relative ease of locating and mapping promising geological structures. The absence of vegetation and glaciation on the barren terrain allows detailed in-place evaluation of the entire sedimentary section. Of special significance was the discovery that most sedimentary rock-types, from different formations of varying ages, emit strong petroliferous odours on analysis. The following summary of the more prominent, prospective structures located and mapped on the PHOENIX acreage is excerpted from the Sproule Reports:

#### A. Northwest Bathurst Island

1. Stokes Range Anticline: 11 miles long, 6 miles wide; at least 1,000 ft. of closure and over 20,000 ft. of sedimentary section indicated.
2. Northwest Purcell Bay Anticline: 47½ miles long, 1½ miles wide; over 4,500 ft. of closure and about 8,500 ft. of sedimentary section indicated.
3. Combined Chubb Point and Alexander Anticline: 24 miles long, 3 miles wide; about 4,500 ft. of closure and 11,000 ft. of sedimentary section indicated.
4. Pell Inlet Anticline: 9 miles long, 1½ miles wide; about 2,500 ft. of closure and 10,500 ft. of sedimentary section indicated.
5. Ten major anticlinal structures were mapped; the foregoing were deemed the more important "priority" structures. Also reported were "myriad minor structures which might elsewhere appear to be of considerable interest" and which are available for later development.

#### B. North and Little Cornwallis Islands

1. Cape Gell Anticline: 22 miles long, 12 miles wide; about 4,500 ft. of sedimentary section indicated.
2. Centre Anticline: 18 miles long (on Company acreage), 10 miles wide; about 5,000 ft. of sedimentary section indicated.
3. Baillie Hamilton Island Anticline: 15 miles long, 7½ miles wide; about 9,000 ft. of sedimentary section indicated.

4. Several other structural features, both anticlines and faults, were located and are considered prospective because of indicated hydrocarbon trapping; included are the Lady Hamilton and Templeton Bay Anticlines and the Eleanor River, Riddle Point and Rookery Creek Faults.

#### C. Devon Island (Grinnell Peninsula)

1. Inglis Anticline: 20 miles long, over 20 miles wide; about 7,000 ft. of sedimentary section indicated.
2. Barrow Harbour High: 10 miles long, 4 miles wide; 3,500 ft. of sedimentary section indicated.

#### D. Lowther Island

Located at the boundary of three major geological units; the Arctic Lowlands, Parry Island Fold Belt and Boothia Arch, the Island contains extensive fault trends tending to create prospective structures.

#### E. Griffith Island

Located 10 miles southwest of Resolute Bay, Cornwallis Island, the South Griffith Anticline is 4 miles long, 2 miles wide; about 5,000 ft. of sedimentary section indicated.

The Drake Point wildcat on Melville Island tested 5 gas-bearing zones (10-million cu. ft./day at 3,700 ft. and 13-million cu. ft./day at 4,700 ft.), 3 zones also recovered oil and condensate, not considered commercial now. With proven hydrocarbons, a decade of active Arctic exploration is assured. Wildcat discoveries in new oil basins historically lead to further finds. North America's precarious reserve position and Canada's favourable political climate offset the obviously difficult logistics requiring large investment before the initial returns. The inevitable Continental Energy Policy for North America will assure immediate markets for even the largest discoveries. Eastern Canada itself is a major import market; 1970 imports are forecast at 720,000 bbls/day of crude and products, with 300,000 bbls/day of new refinery capacity under construction.

Successful exploitation of Arctic oil will require the dedication of the industry's best brains. The \$48-million Manhattan supertanker experiment is a case in point. Its Northwest Passage voyage has already extended the



Arctic transportation season from a period measured in weeks, to at least 9 months. Design contracts have been let for highly-powered tankers of a minimum size of 250,000 tons, each costing between \$60-\$90-million. Perhaps the safest and lowest cost Arctic oil transport will be submarine tankers. General Dynamics Corp. has proposed 5 or 6 nuclear-powered vessels, 900 ft. long, carrying 170,000 tons at 18 knots — at a total cost of about \$3-billion. In effect, this suggests a marine pipeline to Eastern Canada and the Northeastern U.S. with a capacity of about 2-million bbls/day.

Years before the Alaskan discoveries, the late Dr. J. C. Sproule judged that the rewards in Arctic oil merited the risk: "The Canadian Arctic Islands afford independent oil companies the best opportunity in the world to develop into major companies. Never before has an independent had the opportunity to become a major oil company at such low cost." Dr. Sproule forecast that Arctic reserves would be "much easier to develop than in Western Canada, mainly because of the ease with which very large and prospective structures can be identified and delineated, due to the abundance of rock outcrop" and suggested that the Arctic Islands encompass "the largest single known undeveloped oil basin in the Western Hemisphere."

### **Eastern Ecuador Developments**

Eastern Ecuador's unprecedented wildcat success ratio continues to astound the industry. Texaco-Gulf report 10 field discoveries of 11 wildcats drilled over an area extending 60 miles east-west and about 70 miles north-south. The "dry hole" officially tested 160 bbls/day, considered non-commercial but certainly not a duster. Their latest discovery, on PHOENIX royalty acreage, is Auca #1, rumoured a major find about 20 miles south-southeast of the Sacha Field, and considered particularly important because it considerably expands the prospective production area. At Report press time, Kirby Industries Inc., a World Ventures Group participant, reported coring 100 ft. of oil-saturated sand between 4,396 ft. and 4,495 ft. at their Tiputini wildcat, on the Company's carried interest acreage. Test results are expected shortly. Success here would extend the potentially oil productive region a further 90 miles east.

Trade and financial periodicals continue to expand their Eastern Ecuador press coverage. Several international oil companies have acquired contract areas in the Ecuadorian Oriente — Cities Service, Superior, Phillips, Burmah, Marathon, Reading & Bates and the World Ventures Group participants (several Murchison interests, Kirby Industries and the Aminoil partners; Phillips, Signal, Ashland and others). Texaco-Gulf, in addition to costly pipeline commitments, are moving in 5 additional rigs. The World Ventures Group have contracted for a minimum of 3 wildcats on our carried interest acreage, including the current Tiputini driller. Their successful seismic program located over 20 drillable structures. Present and projected pipeline capacity from the Ecuador-Colombia Napo-Putumayo-Pastaza Basin measures its commercial success. By 1972, combined pipeline capacity will be at least 400,000 bbls/day. The Ecuador line alone, clearing right-of-way since July 1969, is initially planned for 250,000 bbls/day, though recent press reports project ultimate capacity at 500,000 bbls/day.

PHOENIX, as 60.2% partners with Norsul Oil & Mining Ltd., jointly holds the 2% gross royalty on the 1,650,000-acre Texaco-Gulf contract area and carried net profits interests in 2,060,000-acres operated by the World Ventures Group; 15% carried interest in about 1,100,000-acres and 5% carried interest in the remainder. The Sacha Field (3 wells over 10 miles), the Shushufindi Field (4 wells over 10 miles — 2 wells on our royalty acreage, one on the border) and the recent Auca discovery have developed substantial oil reserves underlying our royalty acreage. The Tiputini oil show is located on the 15% carried interest block.

The PHOENIX role in maintaining the good standing of this large oil concession project, since negotiating the Norsul association in March 1963, is well established. During 1963-64, PHOENIX and associated financial interests provided over \$80,000 to meet critical tax and work commitments to the Ecuador Government to secure the original Pastaza Contract (published 18 August 1961) from certain loss by forfeiture. PHOENIX acquired its 60.2% undivided interest in the oil assets of the joint Phoenix-Norsul operating subsidiary, Minas y Petroleos del Ecuador S.A., by providing essential operating funds.



The Texaco-Gulf royalty contract derived from your Management's January 1965 meetings at Texaco's Trinidad Head Office for Latin America. In August 1965, your Management started negotiations with the World Ventures Group at their Houston, Texas operating headquarters. Upon completion of formal Texaco-Gulf and World Ventures contracts, all operating and financial responsibilities were undertaken by the new associates and no further Phoenix-Norsul affiliation was considered necessary.

PHOENIX had to commence legal action to secure severance, distribution and independent control of our 60.2% interest in the joint Ecuador assets, including the royalty, carried interests, cash bonuses and future production payments. To expedite this legal severance procedure, we have had to obtain several Supreme Court Orders, the latest on 25 May 1970. We hope to conclude this action during 1970.

### **Paraguay Oil Concession**

Following extended negotiations, the Government of Paraguay approved, under date of 10 October 1969, Decree Law No. 8025 awarding PHOENIX, operating through its wholly-owned Petrolera General S.A. subsidiary, a 2,850,000-acre oil and gas concession in the southwestern Paraguayan Chaco, on the Argentina border. This new acquisition adjoins a large concession area now under active joint exploration by Pennzoil United Inc. of Houston and Pierre Schlumberger, personally, awarded under conditions providing for a 10-well wildcat drilling commitment, guaranteed by a \$1,000,000 performance bond. Pennzoil-Schlumberger have completed a detailed aerial magnetometer survey and are now conducting a wide-ranging seismic program, preparatory to drilling.

This large PHOENIX-Petrolera holding is about 160 miles northeast of the 1969 Caimancito wildcat Cretaceous oil discovery completed by Argentina's state oil company, Y.P.F., which tested 3,352 bbls/days of flowing, high-quality (42° gravity) crude oil and 5.6-million cu. ft./day gas from 12,527 ft. In December 1969 the confirmation well tested 5,390 bbls/day, reporting excellent porosity and permeability. Caimancito is the first major Cretaceous success in the Salta (or Northwest Argentina) Basin — opening a new oil province 130 miles from the

nearest previous Cretaceous production. The Salta Basin is considered to extend into our sector of the Paraguayan Chaco, thus locating our acreage between the impending Pennzoil-Schlumberger drilling and the Caimancito discovery area.

An interesting analogy may be developed between the Northwest Argentina Cretaceous play and the Ecuador-Colombia Oriente developments. Both plays started with Cretaceous discoveries in the eastern Andean foothills, within the mountain front — in Colombia, at Orito and in Argentina, at Caimancito. Crude oil characteristics are similar — light gravity, very low sulphur content and excellent initial test potentials. Wildcat drilling extending easterly into Ecuador's Oriente Basin proper was outstandingly successful; exploration will soon extend easterly into Argentina's Salta Basin, towards Paraguay.

In April, we completed a \$1,100,000 exploration and drilling agreement with Galaxy International Oil Management Ltd., Nassau, Bahamas and Chambers & Kennedy, Houston, to result in PHOENIX retaining a 25% net profits carried interest. Under this agreement, PHOENIX retained interim operating responsibility. Geological studies and a photogeological survey are complete. A combined surface gravity meter-magnetometer program is scheduled for completion in July. Operations are under the capable direction of our Asuncion Resident Manager, an experienced petroleum and drilling engineer, and our legal counsel, a former Paraguayan Ambassador to the United Kingdom. We are informed that Y.P.F. is moving in 4-5 rigs for a wildcat drilling program in the largely unexplored region between Caimancito and the Paraguayan border. Paraguay's relative proximity to growing crude oil and gas import markets in Brazil, Argentina and Uruguay is important. Argentina is contracting for long term supplies of foreign natural gas and Brazil's oil imports now total about 350,000 bbls/day, with domestic production gradually declining.

### **Bolivia Interests**

Active operations in Bolivia have been deferred pending clarification of recent political developments. Current news reports provide hope that the more basic problems will be resolved shortly.



Our original Bolivian interests derived from successful tenders submitted in early 1966 on an international invitation for proposals to develop one of the world's largest iron ore-manganese deposits in eastern Bolivia. United Nations studies now underway will deal primarily with the manganese potential. Development economics affecting these long-known reserves were completely revised by the discovery of major natural gas fields in Central Bolivia. Direct gas reduction and beneficiation of both the iron ore and manganese considerably lowers transportation costs and results in a product of higher unit value. A PHOENIX subsidiary, The Bolivia Gas Transmission Co., has completed numerous legal registration requirements and comprehensive engineering studies covering the gas pipeline route from Central Bolivia to the Brazil border, contemplating that the iron ore-manganese project would be the key intermediate customer of a pipeline system designed to ultimately serve one of the world's largest industrial gas markets in Sao Paulo-Rio de Janeiro.

In January 1968 we contracted with private Bolivian mining interests to finance the historic Machacamarca silver mine, then being rehabilitated for moderate silver and tin concentrate production. The mine's tailing piles contain important silver reserves which require only concentration, without mining expense, for marketing. Mineable undeveloped silver ore reserves may be substantial. Mine financing was arranged through the Bolivian Government's development bank, operating with Washington's Interamerican Development Bank funds. The loan initially-approved totalled US\$200,000, with an undertaking for an increase to US\$2,000,000 as developed ore reserves warranted. Bolivia's unsettled political situation has caused deferral of disbursements under the loan conditions.

### **Manitoba Gold Prospect**

The Company continues to maintain its Snow Lake, Manitoba gold prospect of 18 patented Mining Leases in good standing. This property, held since 1944, adjoins the former Nor-Acme Gold Mine, operated by Howe

Sound from 1949 to 1958. Speculative interest deriving from fluctuating free market gold prices has resulted in numerous investment enquiries concerning our plans for its activation.

### **Exemption — U.S. Interest Equalization Tax**

Present and prospective United States Shareholders are advised that all outstanding PHOENIX common shares remain exempt from the provisions of the Interest Equalization Tax, as imposed by Section 4911 of the Internal Revenue Code (U.S. Public Law 88-563), pursuant to a U.S. Treasury Department ruling dated 30 December 1964.

### **General Financial Notes**

Accelerating international inflationary trends can result in expanded investor interest in the appreciating value of natural resource assets. Eventually, the value of oil and gas reserves in the ground will reflect the ingrained inflationary psychology. Investment funds will inevitably seek industries where the labour content of production is minimal. Oil and gas prices will also rise with Middle East demands for an ever-increasing proportion of gross oil income, irrespective of market conditions, and if the industry trend to higher cost production from offshore and Arctic deposits continues.

PHOENIX interests in extensive oil-prospective land holdings — Canadian Arctic Islands, Ecuador and Paraguay — are all under active exploration and will be maintained and developed at no cost to PHOENIX for many years. Management policy will remain one of limiting common share capital dilution. Our current working capital position supports this policy. Our sole capitalization remains 1,921,856 common shares, without senior equity or funded debt — unchanged during the past year.

15 June 1970

Submitted on Behalf of the Board:

S. DONALD MOORE, *President*



Arctic Islands  
Location Map

Cornwallis  
Bathurst  
Devon Islands

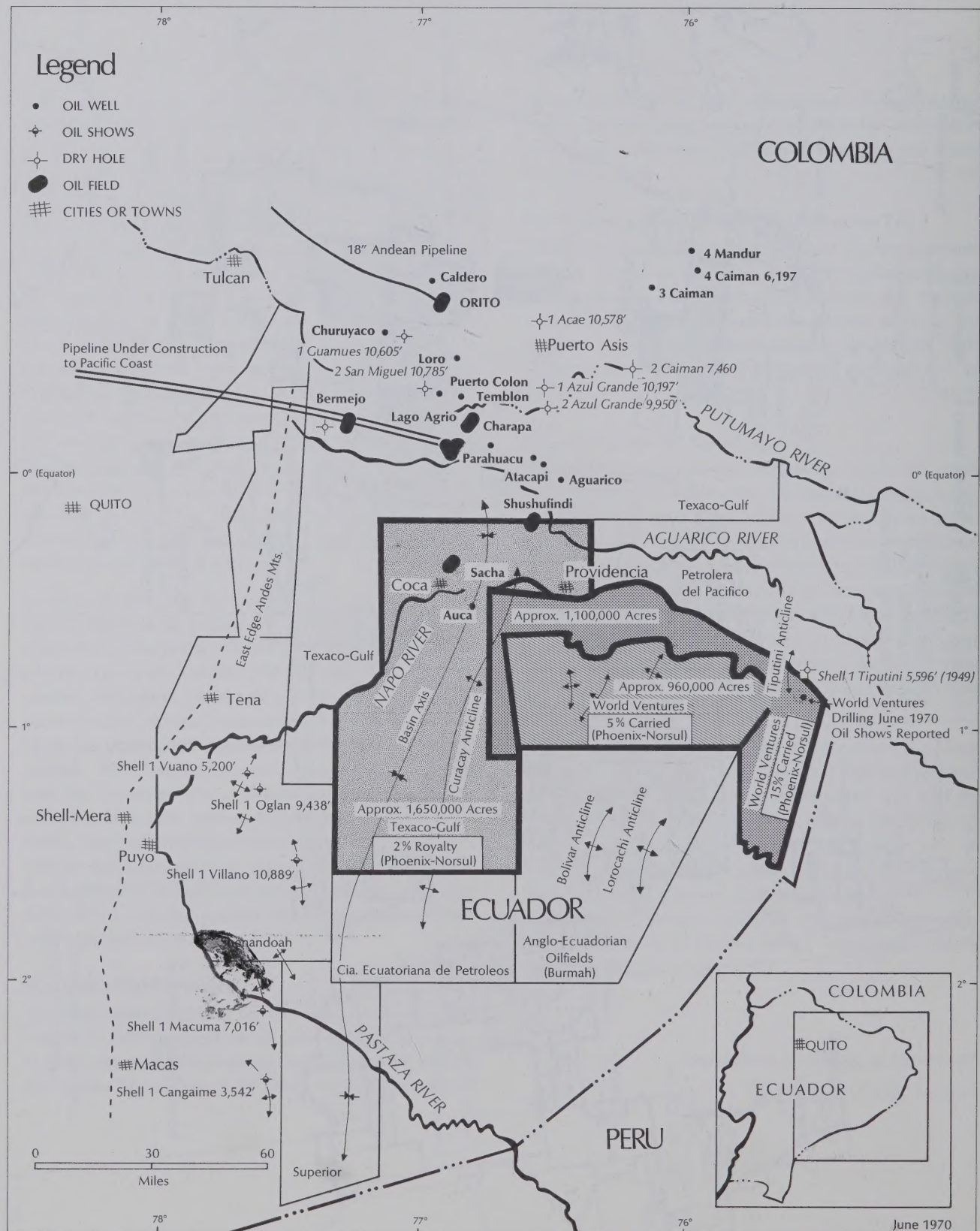




# PHOENIX CANADA OIL COMPANY LIMITED

Eastern Ecuador and Southern Colombia Location Map

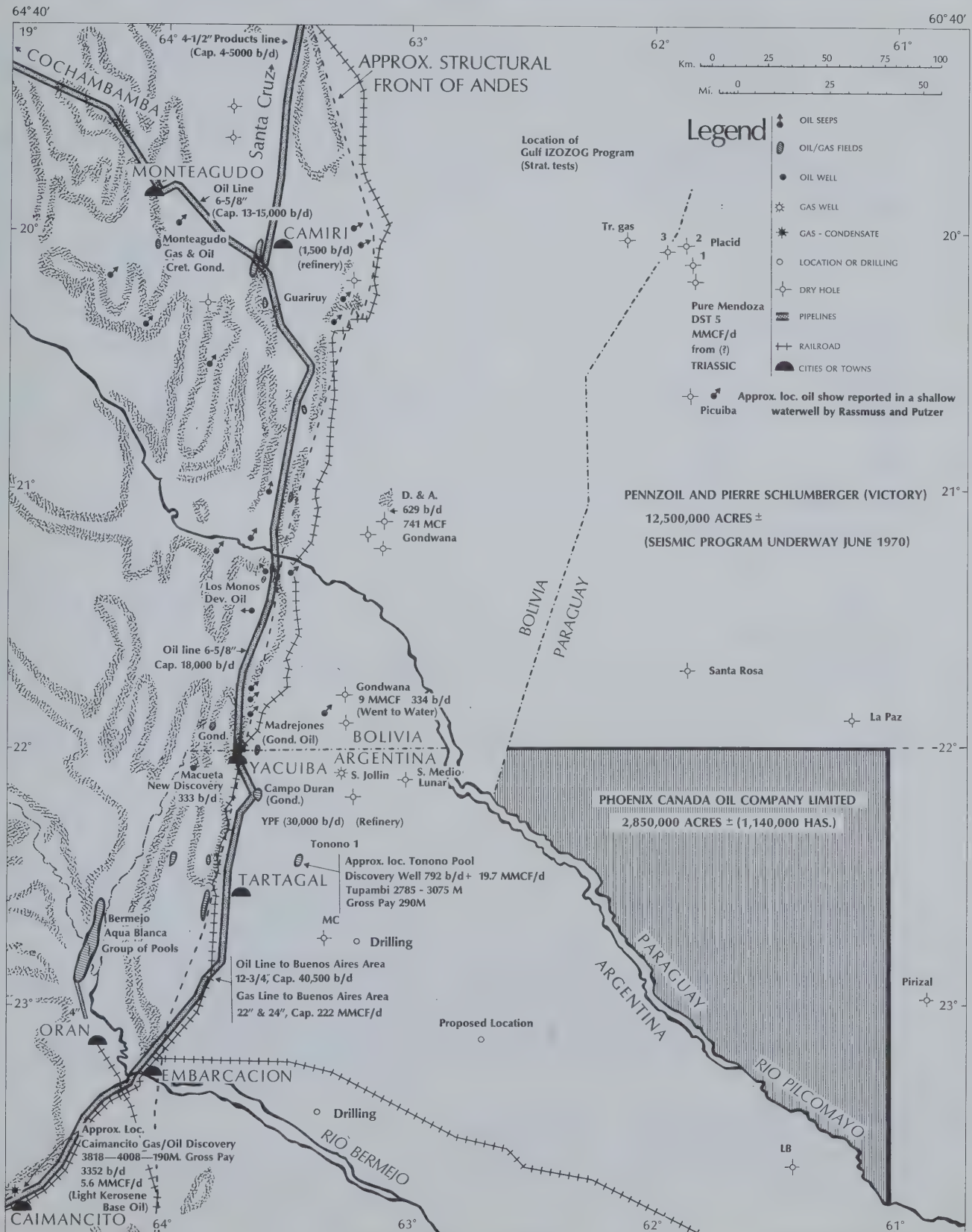
## Company Royalty and Carried Interest Holdings





# PHOENIX CANADA OIL COMPANY LIMITED

S.W. Paraguay, S.E. Bolivia & No. Argentina Company Property Location Map





# Phoenix Canada Oil Company Limited    Balance Sheet

ASSETS	1969	1968
<b>Current:</b>		
Cash in Banks and Deposit Receipts	\$ 102,351	\$ 96,963
Marketable Securities, at cost (Market Value — 1968 — \$13,500.00)	—	1,104
Accrued Interest	1,122	2,675
	<u>\$ 103,473</u>	<u>\$ 100,742</u>
<b>Deposits: (Note No. 1)</b>	<u>\$ 3,107</u>	<u>\$ 3,869</u>
<b>Associated Companies:</b>		
Shares, at cost	\$ 1,000	\$ 1,000
Advances	11,279	8,862
Accounts and Notes Receivable	8,282	8,282
	<u>\$ 20,561</u>	<u>\$ 18,144</u>
<b>Fixed:</b>		
Interests in Petroleum and Natural Gas Rights, Permits and/or Leases	\$ 49,312	\$ 48,662
Mining Properties	115,001	115,001
Furniture and Fixtures, at cost	501	501
	<u>\$ 164,814</u>	<u>\$ 164,164</u>
<b>Deferred:</b>		
Organization Expenses	\$ 3,770	\$ 3,770
Exploration, Development and Administration Expenses per Schedule "A"	248,118	238,598
	<u>\$ 251,888</u>	<u>\$ 242,368</u>
<b>Total Assets</b>	<u><u>\$ 543,843</u></u>	<u><u>\$ 529,287</u></u>

## Notes

### Note No. 1.

This consists of;  
Deposit of \$2,750.00 plus interest of \$357 in connection with possible legal costs.

### Note No. 2.

Included under share capital to be issued is 40,000 shares which are to be issued at a discount of 50% as consideration for the 1965 acquisition of 15 Arctic Island Permits aggregating 493,215 acres and \$25,000 Government of Canada 3% Perpetuals.

### Note No. 3.

Pursuant to a director's resolution dated 17th April, 1964, the Company had reserved 100,000 shares of its capital stock for the purpose of granting Management Incentive Stock Options to personnel engaged in the exploration and development of the Ecuador Concession and it granted such options to such

personnel at a price of not less than 50¢ per share nor less than 20% under the market price prevailing in 1964. Such options extended over a three year period and expired 30th June, 1969. There has been an allocation of these shares and to date options on 60,000 shares at 75¢ per share have been exercised.

A previous allocation of 40,000 of these shares exercisable at 85¢ per share was subsequently cancelled by the Company. The Company has claimed Non-Performance of management responsibilities by the optionee. The optionee has instituted legal proceedings claiming the right to exercise an option on part or all of the said 40,000 shares.

### Note No. 4.

No remuneration was paid during the year to directors and senior officers of the Company except that the office of E. E. Ott, director and secretary-treasurer, received \$600.00 in payment for general office services.



**31st December, 1969.** (with comparative figures for the previous year)

**LIABILITIES**

**Current:**

Accounts Payable and Accrued Expenses	\$ 3,055	\$ 2,578
Bank Loan	—	2,500

**Capital:**

Authorized: \$5,000,000.00 divided into  
5,000,000 shares of \$1.00 each

*Issued — Fully Paid:*

1,921,856 shares of \$1.00 each	\$1,921,856	\$1,921,856
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Less: Discount thereon	1,661,496	1,661,496
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\$ 260,360	\$ 260,360
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100,000 shares to be issued of \$1.00 each (Notes No. 2 & 3)	\$ 100,000	\$ 100,000
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Less: Discount thereon	34,600	34,600
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\$ 65,400	\$ 65,400
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Total Capital	\$ 325,760	\$ 325,760
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Surplus per Schedule "B"	\$ 215,028	\$ 198,449
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Approved on Behalf of the Board:

S. DONALD MOORE, Director      JOHN A. MURPHY, Director

Total Liabilities, Capital and Surplus	\$ 543,843	\$ 529,287
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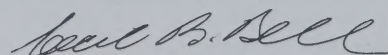
**AUDITOR'S REPORT**

To the Shareholders of

Phoenix Canada Oil Company Limited.

I have examined the Balance Sheet of Phoenix Canada Oil Company Limited as at 31st December, 1969, and the Statements of Deferred Exploration Development and Administration Expense, Surplus and Source and Application of Funds for the year then ended. My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. In my opinion these financial statements present fairly the financial position of the Company as at 31st December, 1969, and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,  
8th June, 1970.



Chartered Accountant.



# Phoenix Canada Oil Company Limited

## Exploration, Development and Administration expenses for the year ended 31st December, 1969. (with comparative figures for the previous year)

### Schedule "A"

	1969	1968
<b>Exploration and Development — Mining Claims</b>		
Government Fees and Taxes	\$ 180	\$ 180
Engineering Fees and Expenses	489	—
	<u>\$ 669</u>	<u>\$ 180</u>
<b>Exploration and Development — Oil and Gas Leases</b>		
Geophysical Reports and Surveys	\$ 1,923	\$ 4,085
General Office Expense	2	—
	<u>\$ 1,925</u>	<u>\$ 4,085</u>
<b>Administration and General</b>		
General Office Expenses	\$ 681	\$ 1,930
Government Fees	55	95
Legal and Audit	3,200	2,000
Registrars' Fees	1,595	1,380
Telephone and Telegraph	581	708
Shareholders' Information	2,633	2,729
Travel Expense	259	1,116
Secretarial Services	2,408	2,612
Rent	1,479	1,151
Listing Fees and Expenses	100	100
Interest Charges	28	—
	<u>\$ 13,019</u>	<u>\$ 13,821</u>
Less: Interest Earned	6,093	5,286
	<u>\$ 6,926</u>	<u>\$ 8,535</u>
<b>Total for Year</b>	<u>\$ 9,520</u>	<u>\$ 12,800</u>
Add: Accumulated Expenses to end of previous year	238,598	225,798
<b>Total Expense per Balance Sheet</b>	<u><u>\$248,118</u></u>	<u><u>\$238,598</u></u>

## Statement of Surplus for the year ended 31st December, 1969. (with comparative figures for the previous year)

### Schedule "B"

Balance at beginning of year	\$198,449	\$181,752
Add: Profit on sale of investments	16,579	16,697
<b>Balance at end of year</b>	<u><u>\$215,028</u></u>	<u><u>\$198,449</u></u>

## Statement of Source and Application of funds for the year ended 31st December, 1969. (with comparative figures for the previous year)

### Source of Funds

Proceeds of Shares to be issued	\$ —	\$ 7,500
Interest	6,093	5,286
Government of Canada Bond previously on Deposit	939	—
Net Profit on sale of Investments	16,579	16,697
	<u>\$ 23,611</u>	<u>\$ 29,483</u>

### Application of Funds

Exploration, Development and Administration Expenses	\$ 15,613	\$ 18,086
Purchase of Shares in and Advances to Associated Companies	2,417	3,674
Deposit re Legal Costs	177	180
Purchase of Fixed Assets	650	318
	<u>\$ 18,857</u>	<u>\$ 22,258</u>
Increase in Working Capital	\$ 4,754	\$ 7,225
Working Capital at first of year	95,664	88,439
<b>Working Capital at end of year</b>	<u><u>\$100,418</u></u>	<u><u>\$ 95,664</u></u>







